

2013-14

# MKHONDO LOCAL MUNICIPALITY - (MP303) - 2013/14 ADJUSTMENT BUDGET REPORT

ADJUSTMENT BUDGET REPORT

Municipal Budget Reporting Regulations (MBRR)



BUDGET & TREASURY OFFICE  
MKHONDO LOCAL MUNICIPALITY  
2013-14



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## **PART 1 – ANNUAL BUDGET**

### **1.1 EXECUTIVE MAYOR’S REPORT**

The Executive Mayor of Mkhondo Local Municipality, Councillor BH Mtshali delivered his 2013/2014 budget speech to Council Chamber on Thursday, 30 May 2013. The Executive Mayor’s address sought the Council approval for an adjusted revenue budget of R306, 2million for the 2013/14 financial year as per the provisions of Section 24 of the Local Government: Municipal Finance Management Act (Act 56 of 2003).

In its effort to increase the service delivery momentum in the 2013/2014 financial year, the municipality will envisage spending acceleration of more than R131, 7million total capital adjusted budget on various infrastructural development projects.

The MIG capital adjusted budget of R97, 6million is inclusive of the approved rollover allocation of R31, million will be spent on an intensive service delivery programme which will include the following; Water Reticulation Networks in Iswepe & Haartebeesfontein; Construction of Driefontein Water Bulk line to Iswepe; Installation of Water Reticulation in Ext 6 & 8 Ethandakukhanya; access to roads and finally, Extension of Piet Retief Sewer Treatment Plant.

An additional original budget of R24, 8million as an allocation on project implementation by the Gert Sibande District towards Mkhondo Local Municipality, has been tabled before Council for the Construction & refurbishment of roads in (Amsterdam/Kwa Thandeka/Eziphunzini); Amsterdam Sewer Plant; Driefontein Water Treatment Works; Regional bulk infrastructure (Dirkiesdorp/ Driefontein/ Manduduluza); Erection of Boreholes; amongst other projects. In announcing the medium-term service delivery projects, the Executive Mayor said the provision of water, sanitation, roads, and electricity was the first objective as far as service delivery is concerned. “We believe that to a large extent, our 2013/2014 adjustment budget embodies the strategic needs and developmental goals of our community, as we have had an opportunity to listen to our people in various wards during our IDP & Budget Review consultative meetings” the Executive Mayor highlighted.

### **1.2 COUNCIL RESOLUTION**

Mkhondo Local Municipality adopted its 2013/14 Mid-year budget and assessment report during the ordinary council meeting that was held on the 24<sup>th</sup> January 2014. The council resolution giving the effect of this adjustment budget was **Item no: 14/01/252A**

### 1.3 EXECUTIVE SUMMARY

The Council must approve and adopt the Adjustments Budget in terms of the provisions made in Section 28 (1) (2) of the Municipal Financial Management Act; wherein the Adjustments Budget

- a) Is used to revise an approved annual budget;
- b) Must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current financial year;
- c) May appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;
- d) May, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;
- e) May authorise the utilisation of projected savings in one vote towards spending under another vote;
- f) May authorise the spending of funds that were unspent at the end of the past financial year where under-spending could not reasonably have been foreseen at the time to include projected rollovers when the annual budget for the current year was approved by the Council;
- g) May correct any errors in the annual budget; and
- h) May provide for any other expenditure within a prescribed framework

### 1.4 Operating Revenue Framework

In view of the aforementioned, the following table is a consolidated overview of the proposed 2013/14 Adjustment Budget

**Table 1 Consolidated Overview of the 2013/14 ADJUSTMENT BUDGET**

<b>Consolidated MTREF Budget</b>	<b>Adjustment Budget 2013/14</b>	<b>Budget Year 2013/14</b>	<b>Budget Year +1 2014/15</b>	<b>Budget Year +2 2015/16</b>
<b>Total Operating Revenue</b>	306,521,000	299,541,000	316,033,000	333,522,000
<b>Total Operating Expenditure</b>	375,673,000	375,273,000	398,397,000	422,499,000
<b>Surplus/(Deficit) for the year</b>	(69,152,000)	(75,732,000)	(82,364,000)	(88,977,000)
<b>Total Capital Expenditure</b>	<b>131,655,000</b>	<b>102,668,000</b>	<b>123,042,000</b>	<b>135,346,000</b>
<i>MIG</i>	97,223,000	65,623,000	102,702,650	108,211,629
<i>GSDM</i>	24,800,000	24,800,000	26,164,000	27,603,020
<i>CONTRIBUTION:CRR</i>	9,632,000	12,245,000	10,161,760	10,720,656

Total operating revenue for 2013/14 financial year is R299, 5 million, when compared to the 2013/14 Adjustments Budget of R306, 5million. For the two outer years, operational revenue will increase by 5 per cent as per CPIX.

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Total operating expenditure for the 2013/14 financial year has been appropriated at R375, 3million and translates into a budgeted deficit of which includes a non cash revenue item R69, 2million of R75, 7million towards funding own capital contribution. When compared to the 2013/14 Adjustments Budget, operational expenditure has grown by 1 per cent in the 2013/14 budget and by 5.5 per cent for each of the respective outer years of the MTREF. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The adjusted capital budget of R131.7million for 2013/14 is 22 per cent higher when compared to the 2013/14 Capital Budget of R102, 7million.

**MP303 Mkhondo - Table B2 Adjustments Budget Financial Performance  
(standard classification) - February 2014**

Standard Description	Ref	Budget Year 2013/14									Budget Year +1 2014/15	Budget Year +2 2015/16
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1, 4	A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
<b>Revenue - Standard</b>												
<b>Governance and administration</b>		142,835	-	-	-	-	-	8,076	8,076	150,911	-	-
Executive and council		105,022	-	-	-	-	-	217	217	105,239	-	-
Budget and treasury office		37,700	-	-	-	-	-	7,859	7,859	45,559	-	-
Corporate services		113	-	-	-	-	-	-	-	113	-	-
<b>Community and public safety</b>		12,818	-	-	-	-	-	(100)	(100)	12,718	-	-
Community and social services		218	-	-	-	-	-	-	-	218	-	-
Sport and recreation		26	-	-	-	-	-	-	-	26	-	-
Public safety		11,918	-	-	-	-	-	(100)	(100)	11,818	-	-
Housing		656	-	-	-	-	-	-	-	656	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		4,279	-	-	-	-	-	1,798	1,798	6,077	-	-
Planning and development		-	-	-	-	-	-	-	-	-	-	-
Road transport		4,279	-	-	-	-	-	1,798	1,798	6,077	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		125,955	-	-	-	-	-	(2,794)	(2,794)	123,161	-	-
Electricity		109,547	-	-	-	-	-	(2,317)	(2,317)	107,230	-	-

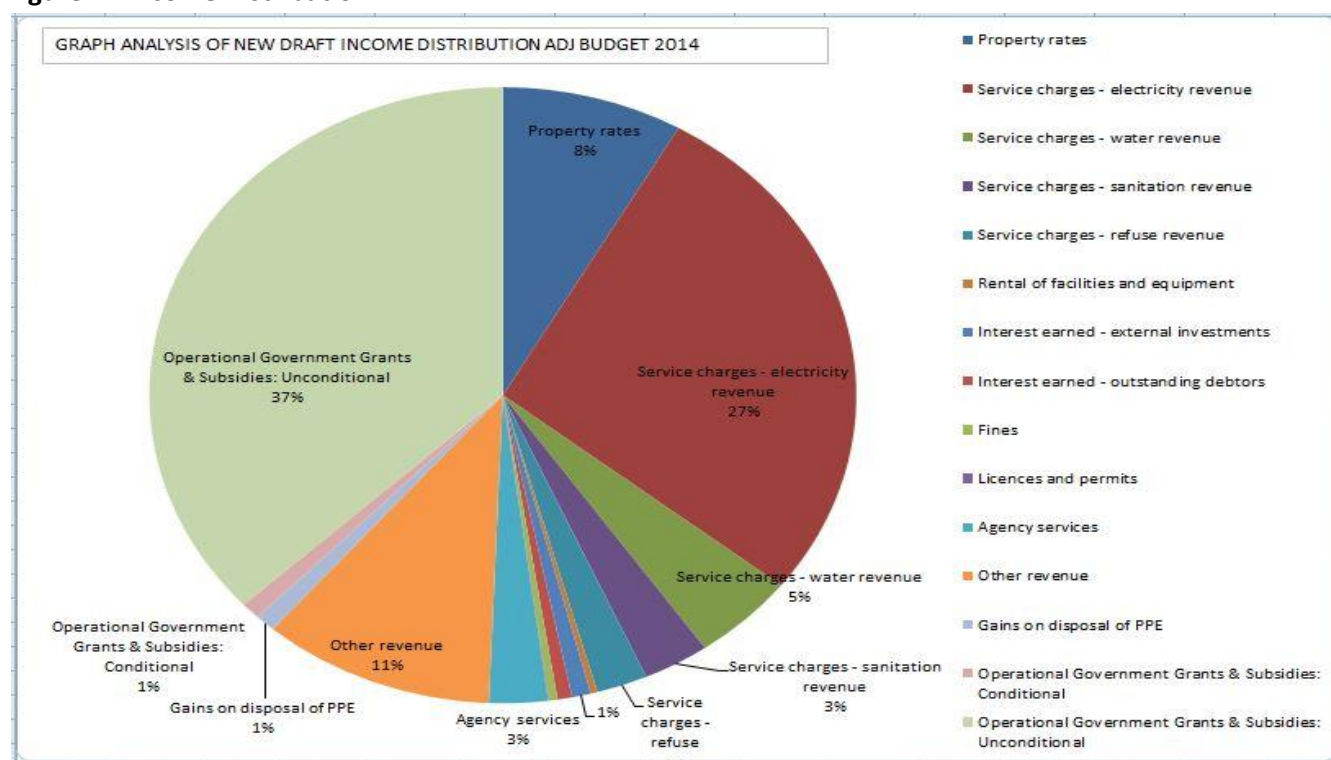
## MKHONDO LOCAL MUNICIPALITY - (MP303) - 2013/14 ADJUSTMENT BUDGET REPORT

Water		-	-	-	-	-	-	(473)	(473)	(473)	-	-
Waste water management		9,388	-	-	-	-	-	(100)	(100)	9,288	-	-
Waste management		7,020	-	-	-	-	-	96	96	7,116	-	-
<b>Other</b>		<b>13,654</b>	-	-	-	-	-	-	-	<b>13,654</b>	-	-
<b>Total Revenue - Standard</b>	<b>2</b>	<b>299,541</b>	-	-	-	-	-	<b>6,980</b>	<b>6,980</b>	<b>306,521</b>	-	-

According to the revenue by standard classification the most highlights on the governance and administration were the adjusted revenue from Budget and Treasury Office at an estimated growth of R7, 9million mainly from the VAT audit, GSDM refund and insurance claims that were successful in the financial year.

Trading services experienced a reduction in revenue to an amount of R2, 8million; this was a case as a result that the revenue collection for the first half of the year dropped by just under R3million on various votes mainly on consumer accounts repayments.

**Figure 1 - Income Distribution**



- It is clear that although the Municipality is grant and subsidy dependent to a certain extent (37 %) of total income,
- It is also clear that own income is the core income of the enterprise and amounts to 63 % of total income.
- The above statements alone is no reason for complacency

- If own income can be creatively expanded and sustained the “going concern” concerns will not be relevant any more.
- The following is examples of proposals and revenue enhancements that can be quick fixes to turn around in the entities cashflow state on a short term.
  - Exploiting forestry income to the fullest extent
  - Review and calculation of electricity reticulation losses
  - Review and calculation of bulk water losses
  - Review of Munsoft accurate billing and settlement schedule.
  - Review of client database.
  - Immediate implementation of the MPRA to its fullest extent.
  - Billing ESKOM servitudes and improvement
  - Immediate upgrade and review of valuation roll and implementation
  - Review Eskom bulk purchase metering methods
  - Review collectability of fines
  - Management of debt collectors and their results
  - Review of rental contracts and collectability.
  - Review of private telephone charges collectability.
  - Promotion of roads and transport marketing (Agency services)
  - Sale of redundant move-able and immoveable assets.
  - Review of “other” income
  - Prepaid meter project to install free meters and speedup cashflow
  - Meter audit project
  - Data cleansing insert in system
  - Review of costs of repairing weighbridge
  - Repossession and sale of land with excessive debts and non-payment
  - Review of own land and possible sale or utilization, lease, etc
  - Appointment of dedicated electrician to perform in-house cut offs.
  - Upgrade Munsoft 5i and utilize debt collection module
  - Investigate conventional and pre-paid meter tampering.
  - Evaluate pre-paid meter warnings reports.
  - Installation of MMS and SMS reminder system for consumers
  - Evaluate incentive scheme for bad payers.
  - Conduct a VAT Review
  - Promote electronic payments vs expensive cash payments/ deposits
  - Implement interest on arrear account.
  - Evaluate interest on arrears and use as leverage for “discount”
  - Billing of reconnection fees.



## 1.5 Operating Expenditure Framework

**Table B2 Summary of operating expenditure by standard classification item**

**MP303 Mkhondo - Table B2 Adjustments Budget Financial Performance**  
(standard classification) - February 2014

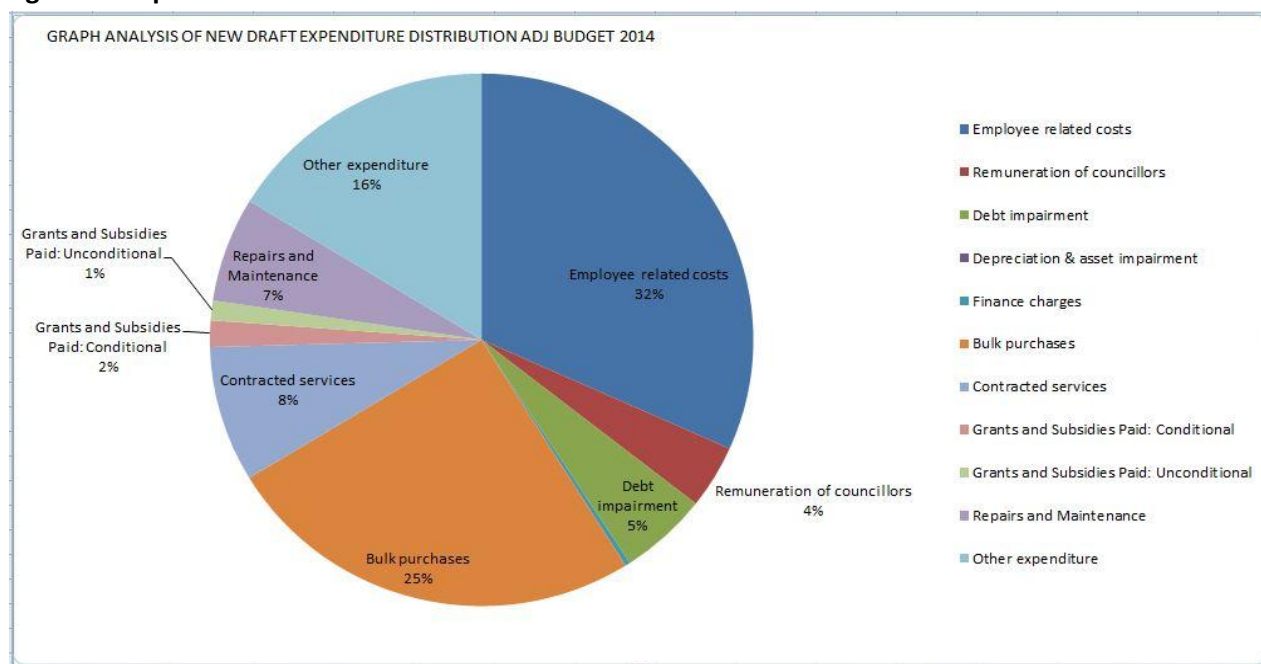
Standard Description	Ref	Budget Year 2013/14									Budget Year +1 2014/15	Budget Year +2 2015/16
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1, 4	A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
<b>Expenditure - Standard</b>	-											
<b>Governance and administration</b>		<b>194,677</b>	-	-	-	-	-	<b>16,093</b>	<b>16,093</b>	<b>210,770</b>	-	-
Executive and council		47,501	-	-	-	-	-	(2,626)	(2,626)	44,875	-	-
Budget and treasury office		123,111	-	-	-	-	-	17,420	17,420	140,531	-	-
Corporate services		24,065	-	-	-	-	-	1,299	1,299	25,364	-	-
<b>Community and public safety</b>		<b>19,797</b>	-	-	-	-	-	<b>636</b>	<b>636</b>	<b>20,433</b>	-	-
Community and social services		1,730	-	-	-	-	-	20	20	1,750	-	-
Sport and recreation		5,487	-	-	-	-	-	(42)	(42)	5,445	-	-
Public safety		11,679	-	-	-	-	-	413	413	12,092	-	-
Housing		185	-	-	-	-	-	-	-	185	-	-
Health		716	-	-	-	-	-	245	245	961	-	-
<b>Economic and environmental services</b>		<b>40,650</b>	-	-	-	-	-	<b>(4,070)</b>	<b>(4,070)</b>	<b>36,580</b>	-	-
Planning and development		-	-	-	-	-	-	-	-	-	-	-
Road transport		40,650	-	-	-	-	-	(4,070)	(4,070)	36,580	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>102,809</b>	-	-	-	-	-	<b>(10,617)</b>	<b>(10,617)</b>	<b>92,192</b>	-	-
Electricity		55,470	-	-	-	-	-	(5,187)	(5,187)	50,283	-	-
Water		27,371	-	-	-	-	-	(2,157)	(2,157)	25,214	-	-
Waste water management		7,737	-	-	-	-	-	(674)	(674)	7,063	-	-
Waste management		12,231	-	-	-	-	-	(2,598)	(2,598)	9,633	-	-
<b>Other</b>		<b>15,342</b>	-	-	-	-	-	<b>356</b>	<b>356</b>	<b>15,698</b>	-	-
<b>Total Expenditure - Standard</b>	3	<b>373,275</b>	-	-	-	-	-	<b>2,398</b>	<b>2,398</b>	<b>375,673</b>	-	-
<b>Surplus/ (Deficit) for the year</b>		<b>(73,734)</b>	-	-	-	-	-	<b>4,582</b>	<b>4,582</b>	<b>(69,152)</b>	-	-

According to the adjusted budget financial performance the expenditure trends on Governance and administration were adjusted by R16.1million which includes amongst others the consultants fees, security expenses and other valuation costs in the BTO. Roads constructions and other budget

allocation were reprioritised for the upgrading and refurbishing of town streets as well as other main access roads for R4, 1million under the economic environmental services, planning and development.

Trading services had a skewed revenue de-acceleration due to non-collection of revenue therefore resulting in a readjustment of expenditure in relation to the reduction of collection for the same trading services. An amount of R10.6million is reduced on the overall trading services budget considering the payment rate and lack of revenue collection. Inclusive in the adjusted budget of R10.6million, Sanitation services was also revised from R12, 2million to R9, 6million mainly due to non-collection and readjusting the revenue proportionally.

**Figure 2 - Expenditure Distribution**



- The main indicator to monitor here is the percentage of salaries to total income after “non cash” items. This percentage amounts to 36 % which is within the norm of National Treasury and remarkably low.
- It should be cautioned that care be taken not to increase salaries beyond the norm.
- Strict control should be exercised on the bulk purchases from ESKOM as it is 25 % of our cash commitments and it is advised that
- The metering method by ESKOM thoroughly be investigated and reconciled to the actual statements.
- The technical aspects of tariffs charged by Eskom are investigated and that if possible lower rates are requested.

## 1.6 Capital Expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

**Table B5 - Budgeted Capital Expenditure by vote, standard classification**

**MP303 Mkhondo - Table B5 Adjustments Capital Expenditure Budget by vote and funding - February 2014**

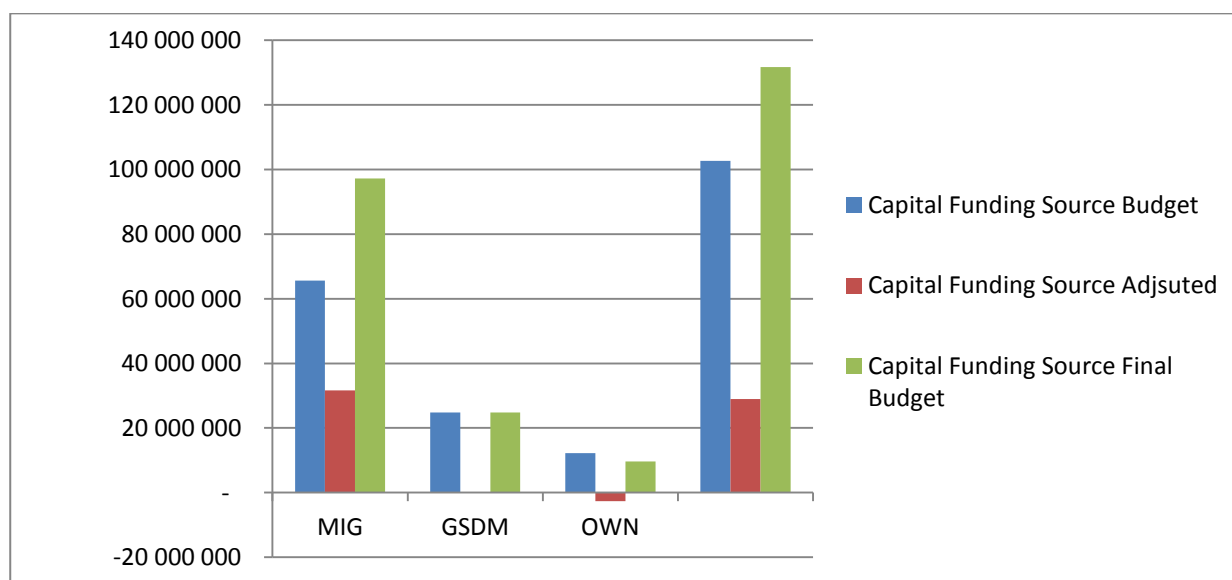
Description	Ref	Budget Year 2013/14									Budget Year +1 2014/15	Budget Year +2 2015/16
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
<b>R thousands</b>		A	A1	B	C	D	E	F	G	H		
<b><u>Capital Expenditure - Standard</u></b>												
<b><i>Governance and administration</i></b>		3,190	-	-	-	-	-	(1,940)	(1,940)	1,250	4,313	4,744
Executive and council		-	-	-	-	-	-	-	-	-	-	-
Budget and treasury office		260	-	-	-	-	-	(260)	(260)	-	320	352
Corporate services		2,930	-	-	-	-	-	(1,680)	(1,680)	1,250	3,993	4,392
<b><i>Community and public safety</i></b>		1,030	-	-	-	-	-	(543)	(543)	487	4,396	4,835
Community and social services		-	-	-	-	-	-	-	-	-	4,396	4,835
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		1,030	-	-	-	-	-	(543)	(543)	487	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<b><i>Economic and environmental services</i></b>		35,200	-	-	-	-	-	5,377	5,377	40,577	48,820	51,282
Planning and development		-	-	-	-	-	-	-	-	-	-	-
Road transport		35,200	-	-	-	-	-	5,377	5,377	40,577	48,820	51,282
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<b><i>Trading services</i></b>		63,248	-	-	-	-	-	26,093	26,093	89,341	65,513	74,484
Electricity		-	-	-	-	-	-	3,674	3,674	3,674	-	-

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Water		27,548	-	-	-	-	-	26,293	26,293	53,841	28,113	33,344
Waste water management		35,700	-	-	-	-	-	(3,874)	(3,874)	31,826	37,400	41,140
Waste management		-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	<b>3</b>	<b>102,668</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,987</b>	<b>28,987</b>	<b>131,655</b>	<b>123,042</b>	<b>135,345</b>
<b>Funded by:</b>												
National Government		65,623	-	-	-	-	-	31,600	31,600	97,223	72,185	79,404
Provincial Government		-	-	-	-	-	-	-	-	-	-	-
District Municipality		24,800	-	-	-	-	-	-	-	24,800	30,280	33,308
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital transfers recognised</b>	<b>4</b>	<b>90,423</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,600</b>	<b>31,600</b>	<b>122,023</b>	<b>102,465</b>	<b>112,712</b>
<b>Public contributions &amp; donations</b>		-	-	-	-	-	-	-	-	-	-	-
<b>Borrowing</b>		-	-	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		12,245	-	-	-	-	-	(2,613)	(2,613)	9,632	20,577	22,634
<b>Total Capital Funding</b>		<b>102,668</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,987</b>	<b>28,987</b>	<b>131,655</b>	<b>123,042</b>	<b>135,346</b>

The following graph provides a summary of adjusted capital budget and its funding sources to be spent on infrastructure projects.

**Figure 3 - Funding Adjusted Capital Infrastructure Programme**



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For 2013/14 an amount of R97.2million has been appropriated towards the capital budget for development of infrastructure within the Mkhondo Local municipality jurisdiction. The highest adjusted capital infrastructure budget allocation on water services of R26, 3million which equates to 27 per cent will to address water supply challenges that the municipality is currently facing.

Our municipal roads infrastructure and maintenance requires a critical intervention as some of the streets/roads have collapsed and ranging costly exercise to maintain them. Some of the urban streets have been successfully rehabilitated but more streets require additional funding to be resurfaced and paved. An amount of R5, 4million towards roads infrastructure and maintenance has been allocated and service provider already on site to finish the projects as per scope of work.

### 1.7 Adjusted Budget Summary

MP303 Mkhondo - Table B1 Adjustments Budget Summary - February 2014											
Description	Budget Year 2013/14									Budget Year +1 2014/15	Budget Year +2 2015/16
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
	1	2	3	4	5	6	7	8			
R thousands	A	A1	B	C	D	E	F	G	H		
<b>Financial Performance</b>											
Property rates	25,222	–	–	–	–	–	–	–	25,222	26,710	28,286
Service charges	116,324	–	–	–	–	–	(2,462)	(2,462)	113,862	121,818	130,335
Investment revenue	1,880	–	–	–	–	–	750	750	2,630	2,785	2,949
Transfers recognised - operational	115,106	–	–	–	–	–	1,924	1,924	117,030	114,124	118,370
Other own revenue	41,009	–	–	–	–	–	6,768	6,768	47,777	50,596	53,581
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>299,541</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>6,980</b>	<b>6,980</b>	<b>306,521</b>	<b>316,033</b>	<b>333,522</b>
Employee costs	88,182	–	–	–	–	–	5,067	5,067	93,248	99,309	105,764
Remuneration of councillors	10,333	–	–	–	–	–	970	970	11,303	11,969	12,676
Depreciation & asset impairment	69,183	–	–	–	–	–	–	–	69,183	73,265	77,587
Finance charges	1,940	–	–	–	–	–	(1,060)	(1,060)	880	932	987
Materials and bulk purchases	67,021	–	–	–	–	–	25,840	25,840	92,861	98,340	104,142
Transfers and grants	18,455	–	–	–	–	–	(10,222)	(10,222)	8,233	8,719	9,233
Other expenditure	118,160	–	–	–	–	–	(18,195)	(18,195)	99,965	105,863	112,109
<b>Total Expenditure</b>	<b>373,273</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,400</b>	<b>2,400</b>	<b>375,673</b>	<b>398,397</b>	<b>422,499</b>
<b>Surplus/(Deficit)</b>	<b>(73,732)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>4,581</b>	<b>4,581</b>	<b>(69,152)</b>	<b>(82,364)</b>	<b>(88,977)</b>

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Transfers recognised - capital	65,623	-	-	-	-	-	31,600	31,600	97,223	72,185	79,404
Contributions recognised - capital & contributed assets	24,800	-	-	-	-	-	-	-	24,800	30,280	33,308
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>16,691</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,181</b>	<b>36,181</b>	<b>52,871</b>	<b>20,101</b>	<b>23,735</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>16,691</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,181</b>	<b>36,181</b>	<b>52,871</b>	<b>20,101</b>	<b>23,735</b>
<b><u>Capital expenditure &amp; funds sources</u></b>											
<b>Capital expenditure</b>	102,668	-	-	-	-	-	28,987	28,987	131,655	123,042	135,345
Transfers recognised - capital	90,423	-	-	-	-	-	31,600	31,600	122,023	102,465	112,712
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	12,245	-	-	-	-	-	(2,613)	(2,613)	9,632	20,577	22,634
<b>Total sources of capital funds</b>	<b>102,668</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,987</b>	<b>28,987</b>	<b>131,655</b>	<b>123,042</b>	<b>135,346</b>
<b><u>Financial position</u></b>											
Total current assets	219,302	-	-	-	-	-	(45,322)	(45,322)	173,980	199,766	211,698
Total non current assets	1,403,570	-	-	-	-	-	(77,913)	(77,913)	1,325,657	1,487,784	1,577,050
Total current liabilities	79,020	-	-	-	-	-	(31,741)	(31,741)	47,279	33,709	35,705
Total non current liabilities	13,501	-	-	-	-	-	499	499	14,000	10,269	10,875
<b>Community wealth/Equity</b>	<b>1,554,184</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(115,826)</b>	<b>(115,826)</b>	<b>1,438,358</b>	<b>1,648,012</b>	<b>1,747,471</b>
<b><u>Cash flows</u></b>											
Net cash from (used) operating	919	-	-	-	-	-	76,393	76,393	77,312	41,288	44,197
Net cash from (used) investing	(73,975)	-	-	-	-	-	(24,727)	(24,727)	(98,702)	(104,526)	(110,693)
Net cash from (used) financing	(1,374)	-	-	-	-	-	-	-	(1,374)	(1,374)	(1,374)
<b>Cash/cash equivalents at the year end</b>	<b>8,869</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,527</b>	<b>37,527</b>	<b>46,396</b>	<b>(18,215)</b>	<b>(86,085)</b>
<b><u>Cash backing/surplus reconciliation</u></b>											
Cash and investments available	121,270	-	-	-	-	-	(52,109)	(52,109)	69,161	95,852	101,550

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Application of cash and investments	(44,323)	-	-	-	-	-	(2,542)	(2,542)	(56,325)	(70,528)	(75,105)
<b>Balance - surplus (shortfall)</b>	<b>76,947</b>	-	-	-	-	-	<b>(54,651)</b>	<b>(54,651)</b>	<b>12,836</b>	<b>25,324</b>	<b>26,445</b>
<b><u>Asset Management</u></b>											
Asset register summary (WDV)	1,341,391	-	-	-	-	-	(87,522)	(87,522)	1,253,869	1,421,875	1,507,188
Depreciation & asset impairment	69,183	-	-	-	-	-	-	-	69,183	73,265	77,587
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-	-	-	-	-	-	-
<b><u>Free services</u></b>											
Cost of Free Basic Services provided	72,865	-	-	-	-	-	-	-	72,865	72,952	73,020
Revenue cost of free services provided	279	-	-	-	-	-	-	-	279	299	303
<b><u>Households below minimum service level</u></b>											
Water:	-	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-	-

The overall adjusted revenue budget inclusive of transfers and grants amounts to R306, 5million and the overall adjusted expenditure budget inclusive of transfers and grants as well as debt impairment amounts to R375, 7million which translates to the deficit of R69, 2million which if you take off the non-cash item of R69, 2million debt impairment it will result into a surplus budget of just under R100, 000.

Considering whether an adjustment budget is funded or not, we focused mainly on the cash backed/surplus reconciliation to make an analysis of the funding compliance on the adjustment budget. Cash and investments available less the application of cash and investments results into a net surplus of R12, 8million which translate that an adjustment budget is funded for own capital acquisition.

## PART 2 – Supporting Documentation

### 2.1 Overview of the Adjustment Budget Process

The Municipal finance management act of 2006 in Section 28 section 2(a) to (g) directs several provisos' that must be met in order to facilitate the adjustment budget. In each and every proviso mentioned below a note is made of the applicable recommendation.

Section 28 MFMA	APPLICABLE
(a) must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;	<i>Applicable.</i>
(b) may appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;	<i>Not applicable</i>
(c) may, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;	<i>None foreseen at this stage</i>
(d) may authorise the utilisation of projected savings in one vote towards spending under another vote;	<i>Applied under many circumstances.</i>
(e) may authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current year was approved by the council;	<i>Applicable with MIG, FMG treasury rollovers</i>
(f) may correct any errors in the annual budget; and	<i>Applied in many instances</i>
(g) may provide for any other expenditure within a prescribed framework.	<i>A few occasions have been applied.</i>

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

**The primary aim of the Budget Steering Committee is to ensure:**

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;



- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

## **2.2 IDP and Services Delivery and Budget Implementation Plan (SDBIP) Priorities**

In developing the 5-year IDP, a process plan was developed and adopted by Council. It started in September 2013 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2014/15 MTREF.

Section 25 (1) of the Local Government: Municipal Systems Act 32 of 2000 stipulates that 'each municipal council must, within a prescribed period after its elected term, adopt a single, inclusive and strategic plan for the development of the municipality. The Mkhondo Local Municipality has completed its 2011-2016 cycle of Integrated Development Plan (IDP).

## **2.3 Overview of alignment of adjustment budget with IDP review**

The purpose of this document is to describe the planning and implementation processes that will be followed by Mkhondo Local Municipality to deliver on its mandate through being a developmental local municipality. Critical in this document are the five development priorities of the municipality, which are the national Key Performance Areas for local government, namely:

- Basic Service Delivery
- Municipal Institutional Development and Transformation
- Local Economic Development
- Financial Viability and Management
- Good Governance and Public Participation

**Table 2 IDP Strategic Development Priorities and Objectives**

<b>Basic Service Delivery</b>	<b>Municipal Institutional Development and Transformation</b>	<b>Local Economic Development</b>	<b>Financial Viability and Management</b>	<b>Good Governance and Public Participation</b>
➤ To accelerate the Provision of Water, Sanitation, Roads, Storm Water and Electricity services in partnership with key stakeholders to meet millennium targets and improve the living conditions for all.	➤ To provide support to both the administrative and political offices of the municipality in order to enable their maximum performance.	➤ To facilitate and market opportunities and advantages of Mkhondo Municipality in order to attract local and foreign direct investment.	➤ To align with the needs of the public through alignment with the IDP to ensure spending where it is most needed.	➤ To increase transparency and legitimacy in decision making processes of the municipality.
➤ To accelerate provision of services relating to disaster management, safety, fire, emergency, as well as traffic and licensing	➤ To facilitate representation of previously disadvantaged individuals (PDIs) in both administrative and political offices of the municipality.	➤ To support growth and development of tourism sector within Mkhondo Municipality.	➤ To ensure that the Municipality maintains its Clean Audit record and Good Financial Management.	➤ To strengthen public participation through Izimbizo, IDP Forums and other communication platforms, this will include previously marginalised groups.
➤ To accelerate provision of services relating to solid waste, parks and gardens; whereas ensuring environmental sustainability of all developments.	➤ To provide education and training for officials and councillors in order to increase their efficiency on the job.	➤ To support cooperatives' and small business development.	➤ To manage internal and external income efficiently; and thus render a sound service to the public.	➤ To improve internal systems and controls, and increase the overall operational efficiency of the municipality to fulfil its responsibilities.
➤ To support provision of comprehensive services and ensure that communities can have access to services which are closer to them.			➤ To assist all departments administratively in increasing their expenditure.	

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## 2.4 Medium- term outlook: Adjustments Budget Financial Performance

**MP303 Mkhondo - Table B4 Adjustments Budget Financial Performance  
(revenue and expenditure) - February 2014**

Description	Ref	Budget Year 2013/14									Budget Year +1 2014/15	Budget Year +2 2015/16
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
<b>Revenue By Source</b>												
Property rates	2	25,222	–	–	–	–	–	–	–	25,222	26,710	28,286
Property rates - penalties & collection charges		–							–	–	–	–
Service charges - electricity revenue	2	85,090	–	–	–	–	–	(1,994)	(1,994)	83,096	89,237	95,831
Service charges - water revenue	2	14,863	–	–	–	–	–	(473)	(473)	14,390	15,239	16,138
Service charges - sanitation revenue	2	6,047	–	–	–	–	–	3,214	3,214	9,261	9,807	10,386
Service charges - refuse revenue	2	10,324	–	–	–	–	–	(3,209)	(3,209)	7,115	7,535	7,980
Service charges - other		–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		525	–	–	–	–	–	412	412	937	992	1,051
Interest earned - external investments		1,880	–	–	–	–	–	750	750	2,630	2,785	2,949
Interest earned - outstanding debtors		11,576	–	–	–	–	–	(9,539)	(9,539)	2,037	2,157	2,285
Dividends received		–	–	–	–	–	–	–	–	–	–	–
Fines		1,167	–	–	–	–	–	23	23	1,190	1,261	1,335
Licences and permits		26	–	–	–	–	–	68	68	94	99	105
Agency services		5,800	–	–	–	–	–	2,374	2,374	8,174	8,656	9,167
Transfers recognised - operating		115,106	–	–	–	–	–	1,924	1,924	117,030	114,124	118,370
Other revenue	2	21,915	–	–	–	–	–	10,620	10,620	32,535	34,454	36,487
Gains on disposal of PPE		–						2,810	2,810	2,810	2,976	3,152
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>299,541</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>6,980</b>	<b>6,980</b>	<b>306,521</b>	<b>316,033</b>	<b>333,522</b>
<b>Expenditure By Type</b>	-											
Employee related costs		88,182	–	–	–	–	–	5,067	5,067	93,248	99,309	105,764
Remuneration of councillors		10,333	–	–	–	–	–	970	970	11,303	11,969	12,676
Debt impairment		15,491	–	–	–	–	–	–	–	15,491	16,405	17,373
Depreciation & asset impairment		69,183	–	–	–	–	–	–	–	69,183	73,265	77,587
Finance charges		1,940	–	–	–	–	–	(1,060)	(1,060)	880	932	987
Bulk purchases		65,628	–	–	–	–	–	8,532	8,532	74,160	78,536	83,169
Other materials		1,393	–	–	–	–	–	17,308	17,308	18,701	19,804	20,972

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Contracted services		16,124	–	–	–	–	–	8,137	8,137	24,261	25,692	27,208
Transfers and grants		18,455	–	–	–	–	–	(10,222)	(10,222)	8,233	8,719	9,233
Other expenditure		86,545	–	–	–	–	–	(26,332)	(26,332)	60,213	63,766	67,528
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–
<b>Total Expenditure</b>		<b>373,273</b>	–	–	–	–	–	<b>2,400</b>	<b>2,400</b>	<b>375,673</b>	<b>398,397</b>	<b>422,499</b>
<b>Surplus/(Deficit)</b>		<b>(73,732)</b>	–	–	–	–	–	<b>4,581</b>	<b>4,581</b>	<b>(69,152)</b>	<b>(82,364)</b>	<b>(88,977)</b>
Transfers recognised - capital		65,623	–	–	–	–	–	31,600	31,600	97,223	72,185	79,404
Contributions		–	–	–	–	–	–	–	–	–	–	–
Contributed assets		24,800	–	–	–	–	–	–	–	24,800	30,280	33,308
<b>Surplus/(Deficit) before taxation</b>		<b>16,691</b>	–	–	–	–	–	<b>36,181</b>	<b>36,181</b>	<b>52,871</b>	<b>20,101</b>	<b>23,735</b>
Taxation		–	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after taxation</b>		<b>16,691</b>	–	–	–	–	–	<b>36,181</b>	<b>36,181</b>	<b>52,871</b>	<b>20,101</b>	<b>23,735</b>
Attributable to minorities		–	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) attributable to municipality</b>		<b>16,691</b>	–	–	–	–	–	<b>36,181</b>	<b>36,181</b>	<b>52,871</b>	<b>20,101</b>	<b>23,735</b>
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–
<b>Surplus/ (Deficit) for the year</b>		<b>16,691</b>	–	–	–	–	–	<b>36,181</b>	<b>36,181</b>	<b>52,871</b>	<b>20,101</b>	<b>23,735</b>

### 2.5 Medium- term outlook: Adjustments Budget Financial Position

**MP303 Mkhondo - Table B6 Adjustments Budget Financial Position - February 2014**

Description	Ref	Budget Year 2013/14									Budget Year +1 2014/15	Budget Year +2 2015/16
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
<b>R thousands</b>												
<b>ASSETS</b>												
<b>Current assets</b>												
Cash		47,921	–	–	–	–	–	(46,373)	(46,373)	1,548	1,639	1,736
Call investment deposits	1	33,674	–	–	–	–	–	15,578	15,578	49,252	52,157	55,235
Consumer debtors	1	127,974	–	–	–	–	–	(12,429)	(12,429)	115,545	135,652	143,791
Other debtors		3,708	–	–	–	–	–	–	–	3,708	3,931	4,166
Current portion of long-term receivables		–	–	–	–	–	–	–	–	–	–	–

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Inventory		6,025	-	-	-	-	-	(2,098)	(2,098)	3,927	6,386	6,770
<b>Total current assets</b>		<b>219,302</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(45,322)</b>	<b>(45,322)</b>	<b>173,980</b>	<b>199,766</b>	<b>211,698</b>
<b>Non current assets</b>												
Long-term receivables		-	-	-	-	-	-	-	-	-	-	-
Investments		39,675	-	-	-	-	-	(21,314)	(21,314)	18,361	42,055	44,579
Investment property		42,400	-	-	-	-	-	(23,457)	(23,457)	18,943	44,944	47,640
Investment in Associate		-	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	1	1,242,555	-	-	-	-	-	(103,191)	(103,191)	1,139,364	1,317,108	1,396,134
Agricultural		-	-	-	-	-	-	-	-	-	-	-
Biological		55,216	-	-	-	-	-	3,697	3,697	58,913	58,529	62,041
Intangible		1,221	-	-	-	-	-	(844)	(844)	377	1,295	1,372
Other non-current assets		22,503	-	-	-	-	-	67,197	67,197	89,700	23,853	25,284
<b>Total non current assets</b>		<b>1,403,570</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(77,913)</b>	<b>(77,913)</b>	<b>1,325,657</b>	<b>1,487,784</b>	<b>1,577,050</b>
<b>TOTAL ASSETS</b>		<b>1,622,872</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(123,234)</b>	<b>(123,234)</b>	<b>1,499,638</b>	<b>1,687,550</b>	<b>1,788,748</b>
<b>LIABILITIES</b>												
<b>Current liabilities</b>												
Bank overdraft		-	-	-	-	-	-	-	-	-	-	-
Borrowing		1,475	-	-	-	-	-	(1,475)	(1,475)	-	-	-
Consumer deposits		3,516	-	-	-	-	-	-	-	3,516	3,727	3,950
Trade and other payables		69,459	-	-	-	-	-	(31,519)	(31,519)	37,940	25,138	26,621
Provisions		4,570	-	-	-	-	-	1,253	1,253	5,823	4,844	5,134
<b>Total current liabilities</b>		<b>79,020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(31,741)</b>	<b>(31,741)</b>	<b>47,279</b>	<b>33,709</b>	<b>35,705</b>
<b>Non current liabilities</b>												
Borrowing	1	4,303	-	-	-	-	-	-	-	4,303	-	-
Provisions	1	9,198	-	-	-	-	-	499	499	9,697	10,269	10,875
<b>Total non current liabilities</b>		<b>13,501</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>499</b>	<b>499</b>	<b>14,000</b>	<b>10,269</b>	<b>10,875</b>
<b>TOTAL LIABILITIES</b>		<b>92,521</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(31,242)</b>	<b>(31,242)</b>	<b>61,279</b>	<b>43,978</b>	<b>46,580</b>
<b>NET ASSETS</b>	2	<b>1,530,351</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(91,993)</b>	<b>(91,993)</b>	<b>1,438,358</b>	<b>1,643,571</b>	<b>1,742,167</b>
<b>COMMUNITY WEALTH/EQUITY</b>												
Accumulated Surplus/(Deficit)		1,554,184	-	-	-	-	-	(115,826)	(115,826)	1,438,358	1,648,012	1,747,471

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Reserves		-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>		1,554,184	-	-	-	-	-	(115,826)	(115,826)	1,438,358	1,648,012	1,747,471

### 2.6 Medium- term outlook: Adjustments Budget Cash Flows

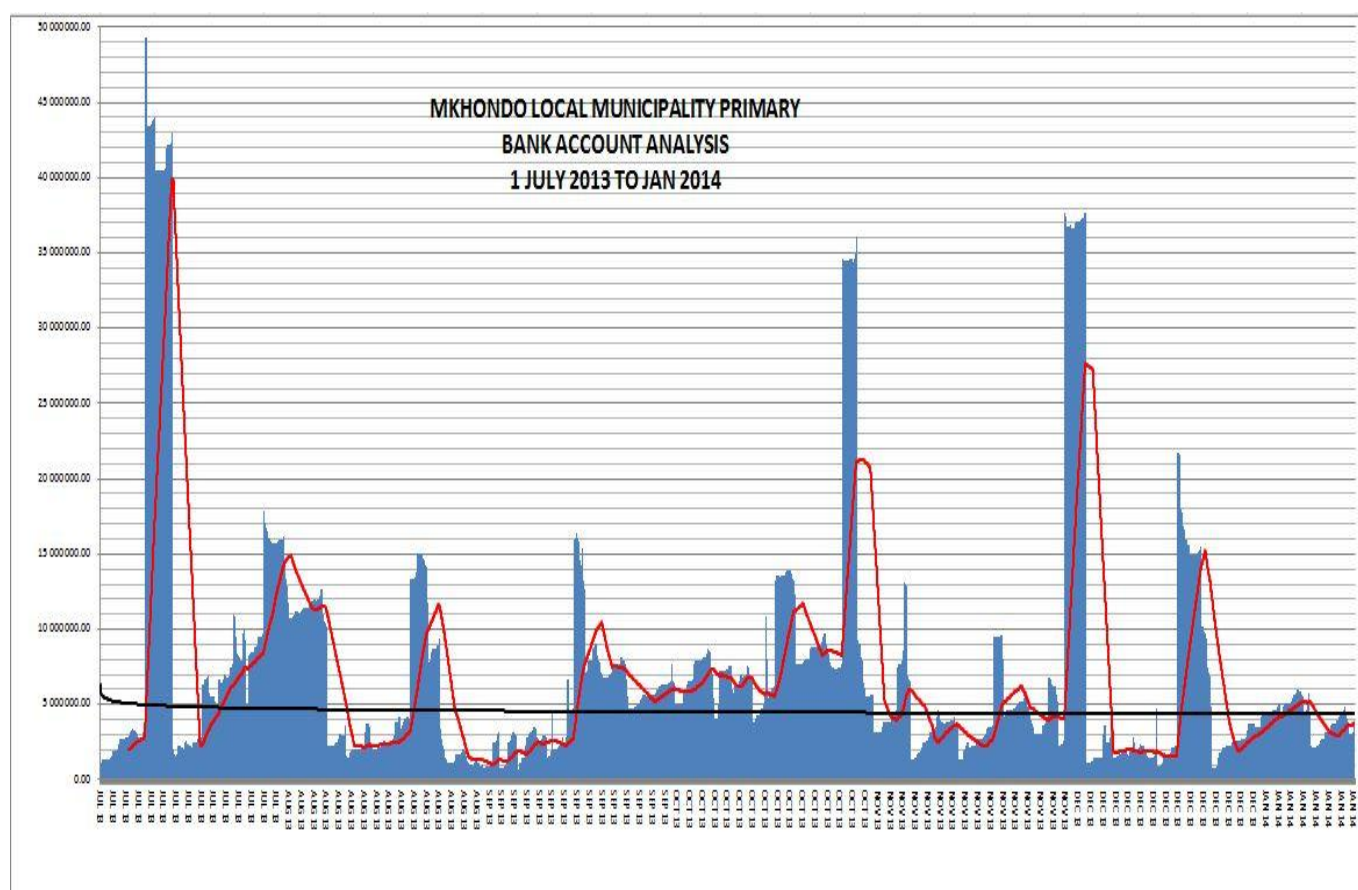
**MP303 Mkhondo - Table B7 Adjustments Budget Cash Flows - February 2014**

Description	Ref	Budget Year 2013/14									Budget Year +1 2014/15	Budget Year +2 2015/16
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
<b>R thousands</b>												
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>												
<b>Receipts</b>												
Ratepayers and other		105,540	-	-	-	-	-	41,225	41,225	146,765	155,424	164,594
Government - operating	1	115,106	-	-	-	-	-	1,924	1,924	117,030	114,124	118,370
Government - capital	1	65,623	-	-	-	-	-	31,600	31,600	97,223	72,185	79,404
Interest		1,880	-	-	-	-	-	750	750	2,630	2,785	2,949
Dividends		-	-	-	-	-	-	-	-	-	-	-
<b>Payments</b>												
Suppliers and employees		(266,835)	-	-	-	-	-	(10,389)	(10,389)	(277,224)	(293,580)	(310,901)
Finance charges		(1,940)	-	-	-	-	-	1,060	1,060	(880)	(932)	(987)
Transfers and Grants	1	(18,455)	-	-	-	-	-	10,222	10,222	(8,233)	(8,719)	(9,233)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>919</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>76,393</b>	<b>76,393</b>	<b>77,312</b>	<b>41,288</b>	<b>44,197</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>												
<b>Receipts</b>												
Proceeds on disposal of PPE		-	-	-	-	-	-	2,810	2,810	2,810	2,976	3,151
Decrease (Increase) in non-current debtors									-	-		
Decrease (increase) other non-current receivables									-	-		
Decrease (increase) in non-current investments									-	-		
<b>Payments</b>												
Capital assets		(73,975)	-	-	-	-	-	(27,537)	(27,537)	(101,512)	(107,501)	(113,844)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(73,975)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(24,727)</b>	<b>(24,727)</b>	<b>(98,702)</b>	<b>(104,526)</b>	<b>(110,693)</b>

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<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>												
<b>Receipts</b>												
Short term loans								-	-			
Borrowing long term/refinancing								-	-			
Increase (decrease) in consumer deposits								-	-			
<b>Payments</b>												
Repayment of borrowing		(1,374)						-	(1,374)	(1,374)	(1,374)	
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		(1,374)	-	-	-	-	-	-	(1,374)	(1,374)	(1,374)	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		(74,430)	-	-	-	-	51,665	51,665	(22,765)	(64,612)	(67,870)	
Cash/cash equivalents at the year begin:	2	83,299	-	-	-	-	(14,138)	(14,138)	69,161	46,396	(18,215)	
Cash/cash equivalents at the year end:	2	8,869	-	-	-	-	37,527		46,396	(18,215)	(86,085)	

**Figure 4 - Cash Flow Analysis – Bank Account**



## 2.7 Medium- term outlook: Cash backed reserves/Accumulated surplus reconciliation

MP303 Mkhondo - Table B8 Cash backed reserves/accumulated surplus reconciliation - February 2014

Description	Ref	Budget Year 2013/14									Budget Year +1 2014/15	Budget Year +2 2015/16
		Original Budget	Prior Adjusted	Accum . Funds	Multi-year capital	Unfore. Unavoid .	Nat. or Prov . Govt	Other Adjusts .	Total Adjusts .	Adjusted Budget	Adjusted Budget	Adjusted Budget
		3	4	5	6	7	8	9	10			
R thousands		A	A1	B	C	D	E	F	G	H		
<b><u>Cash and investments available</u></b>												
Cash/cash equivalents at the year end	1	8,869	–	–	–	–	–	37,527	37,527	46,396	(18,215)	(86,085)
Other current investments > 90 days		72,726	–	–	–	–	–	(68,323)	(68,323)	4,403	72,012	143,056
Non current assets - Investments	1	39,675	–	–	–	–	–	(21,314)	(21,314)	18,361	42,055	44,579
<b>Cash and investments available:</b>		<b>121,270</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(52,109)</b>	<b>(52,109)</b>	<b>69,161</b>	<b>95,852</b>	<b>101,550</b>
<b><u>Applications of cash and investments</u></b>												
Unspent conditional transfers		23,833	–	–	–	–	–	(9,630)	(9,630)	14,203	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	25,263	26,778
Statutory requirements		5,760	–	–	–	–	–	–	–	5,760	5,786	5,813
Other working capital requirements	2	(82,348)	–	–	–	–	–	–	–	(91,807)	(110,514 )	(117,170 )
Other provisions		8,432	–	–	–	–	–	7,088	7,088	15,520	8,937	9,474
Long term investments committed		–	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments		–	–	–	–	–	–	–	–	–	–	–
<b>Total Application of cash and investments:</b>		<b>(44,323)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(2,542)</b>	<b>(2,542)</b>	<b>(56,325)</b>	<b>(70,528)</b>	<b>(75,105)</b>
<b>Surplus(shortfall)</b>		<b>76,947</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(54,652)</b>	<b>(54,652)</b>	<b>12,836</b>	<b>25,324</b>	<b>26,445</b>



## 2.8 Funding Measurement

MP303 Mkhondo - Supporting Table SB6 Adjustments Budget -  
funding measurement - February 2014

Description	Ref	MFMA section	2010/11	2011/12	2012/13	Medium Term Revenue and Expenditure Framework				
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Prior Adjusted	Adjusted Budget	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousands										
Funding measures	-	-								
Cash/cash equivalents at the year end - R'000	1	18(1)b				8,869	–	46,396	(18,215)	(86,085)
Cash + investments at the yr endless applications - R'000	2	18(1)b				76,947	–	12,836	25,324	26,445
Cash year end/monthly employee/supplier payments	3	18(1)b				4%	–	18%	-7%	-30%
Surplus/(Deficit) excluding depreciation offsets: R'000	4	18(1)				16,691	–	52,871	20,101	23,735
Service charge rev % change - macro CPIX target exclusive	5	18(1)a,(2)				0.0%	0.0%	0.0%	0.8%	0.8%
Cash receipts % of Ratepayer & Other revenue	6	18(1)a,(2)	0.0%	0.0%	0.0%	74.5%	0.0%	74.0%	74.0%	74.0%
Debt impairment expense as a % of total billable revenue	7	18(1)a,(2)				10.9%	0.0%	11.1%	11.0%	10.9%
Capital payments % of capital expenditure	8	18(1)c;19				72.1%	0.0%	0.0%	0.0%	0.0%
Borrowing receipts % of capital expenditure (excl. transfers)	9	18(1)c				0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	10	18(1)a				0.0%	0.0%	0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	11	18(1)a							17.0%	6.0%
Long term receivables % change - incr(decr)	12	18(1)a							0.0%	0.0%
						0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	13	20(1)(vi)				0.0%	0.0%	0.0%	0.0%	0.0%
Asset renewal % of capital budget	14	20(1)(vi)								

## 2.9 Transfers and grant receipts

## MP303 Mkhondo - Supporting Table SB7 Adjustments Budget - transfers and grant receipts - February 2014

Description	Ref	Budget Year 2013/14							Budget Year +1 2014/15	Budget Year +2 2015/16
		Original Budget	Prior Adjusted	Multi-year capital	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	7 A1	8 B	9 C	10 D	11 E	12 F		
R thousands										
<b>RECEIPTS:</b>	1, 2									
-										
<u>Operating Transfers and Grants</u>										
<b>National Government:</b>		115,106	-	-	-	1,924	1,924	117,030	114,126	118,369
Equitable share		110,712	-	-	-	1,600	1,600	112,312	109,511	113,525
Finance Management	3	1,550	-	-	-	256	256	1,806	1,628	1,709
Municipal Systems Improvement		890	-	-	-	68	68	958	935	981
EPWP Incentive		1,954	-	-	-	-	-	1,954	2,052	2,154
Other transfers and grants [insert description]										
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-	-
	4									
Other transfers and grants [insert description]	5									
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total Operating Transfers and Grants</b>	6	115,106	-	-	-	1,924	1,924	117,030	114,126	118,369
<u>Capital Transfers and Grants</u>										
<b>National Government:</b>		65,623	-	-	-	31,600	31,600	97,223	-	-
Municipal Infrastructure Grant (MIG)		65,623	-	-	-	31,600	31,600	97,223	-	-

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Other capital transfers [insert description]						-	-		
Provincial Government:		-	-	-	-	-	-	-	-
[insert description]						-	-		
District Municipality:		24,800	-	-	-	-	24,800	-	-
Gert Sibande District		24,800				-	24,800		
Other grant providers:		-	-	-	-	-	-	-	-
[insert description]						-	-		
Total Capital Transfers and Grants	6	90,423	-	-	-	31,600	31,600	122,023	-
TOTAL RECEIPTS OF TRANSFERS & GRANTS		205,529	-	-	-	33,524	33,524	239,053	114,126
								118,369	

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## 2.10 Monthly revenue and expenditure (standard classification)

**MP303 Mkhondo - Supporting Table SB13 Adjustments Budget - monthly revenue and expenditure (standard classification) - February 2014**

Description - Standard classification	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
		Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
<b>R thousands</b>																
<b>Revenue - Standard</b>																
<b>Governance and administration</b>		12,181	12,181	12,181	12,181	12,181	12,181	12,181	12,181	12,181	12,181	12,181	16,917	150,911	-	-
Executive and council		8,770	8,770	8,770	8,770	8,770	8,770	8,770	8,770	8,770	8,770	8,770	8,770	105,239	-	-
Budget and treasury office		3,402	3,402	3,402	3,402	3,402	3,402	3,402	3,402	3,402	3,402	3,402	8,138	45,559	-	-
Corporate services		9	9	9	9	9	9	9	9	9	9	9	9	113	-	-
<b>Community and public safety</b>		1,052	1,052	1,052	1,052	1,052	1,052	1,052	1,052	1,052	1,052	1,052	1,145	12,718	-	-
Community and social services		18	18	18	18	18	18	18	18	18	18	18	18	218	-	-
Sport and recreation		2	2	2	2	2	2	2	2	2	2	2	2	26	-	-
Public safety		985	985	985	985	985	985	985	985	985	985	985	985	11,818	-	-
Housing		47	47	47	47	47	47	47	47	47	47	47	140	656	-	-
Health																
<b>Economic and environmental services</b>		506	506	506	506	506	506	506	506	506	506	506	506	6,077	-	-
Planning and development																
Road transport		506	506	506	506	506	506	506	506	506	506	506	506	6,077	-	-

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Environmental protection													-	-	-	-
<b>Trading services</b>		<b>18,290</b>	<b>18,290</b>	<b>18,290</b>	<b>18,290</b>	<b>18,290</b>	<b>18,290</b>	<b>18,290</b>	<b>18,290</b>	<b>18,290</b>	<b>18,290</b>	<b>18,290</b>	<b>(78,024)</b>	<b>123,161</b>	-	-
Electricity		8,936	8,936	8,936	8,936	8,936	8,936	8,936	8,936	8,936	8,936	8,936	8,936	107,230	-	-
Water		(39)	(39)	(39)	(39)	(39)	(39)	(39)	(39)	(39)	(39)	(39)	(39)	(473)	-	-
Waste water management		782	782	782	782	782	782	782	782	782	782	782	689	9,288	-	-
Waste management		8,611	8,611	8,611	8,611	8,611	8,611	8,611	8,611	8,611	8,611	8,611	(87,609)	7,116	-	-
<b>Other</b>		<b>1,138</b>	<b>1,138</b>	<b>1,138</b>	<b>1,138</b>	<b>1,138</b>	<b>1,138</b>	<b>1,138</b>	<b>1,138</b>	<b>1,138</b>	<b>1,138</b>	<b>1,138</b>	<b>1,138</b>	<b>13,654</b>	-	-
<b>Total Revenue - Standard</b>		<b>33,167</b>	<b>33,167</b>	<b>33,167</b>	<b>33,167</b>	<b>33,167</b>	<b>33,167</b>	<b>33,167</b>	<b>33,167</b>	<b>33,167</b>	<b>33,167</b>	<b>33,167</b>	<b>(58,318)</b>	<b>306,521</b>	-	-
<b><u>Expenditure - Standard</u></b>																
<b>Governance and administration</b>		<b>18,238</b>	<b>18,238</b>	<b>18,238</b>	<b>18,238</b>	<b>18,238</b>	<b>18,238</b>	<b>18,238</b>	<b>18,238</b>	<b>18,238</b>	<b>18,238</b>	<b>18,238</b>	<b>10,157</b>	<b>210,770</b>	-	-
Executive and council		5,745	5,745	5,745	5,745	5,745	5,745	5,745	5,745	5,745	5,745	5,745	(18,319)	44,875	-	-
Budget and treasury office		10,379	10,379	10,379	10,379	10,379	10,379	10,379	10,379	10,379	10,379	10,379	26,362	140,531	-	-
Corporate services		2,114	2,114	2,114	2,114	2,114	2,114	2,114	2,114	2,114	2,114	2,114	2,113	25,364	-	-
<b>Community and public safety</b>		<b>1,703</b>	<b>1,703</b>	<b>1,703</b>	<b>1,703</b>	<b>1,703</b>	<b>1,703</b>	<b>1,703</b>	<b>1,703</b>	<b>1,703</b>	<b>1,703</b>	<b>1,703</b>	<b>1,703</b>	<b>20,433</b>	-	-
Community and social services		146	146	146	146	146	146	146	146	146	146	146	146	1,750	-	-
Sport and recreation		454	454	454	454	454	454	454	454	454	454	454	454	5,445	-	-
Public safety		1,008	1,008	1,008	1,008	1,008	1,008	1,008	1,008	1,008	1,008	1,008	1,008	12,092	-	-
Housing		15	15	15	15	15	15	15	15	15	15	15	15	185	-	-
Health		80	80	80	80	80	80	80	80	80	80	80	80	961	-	-
<b>Economic and environmental services</b>		<b>6,097</b>	<b>6,097</b>	<b>6,097</b>	<b>6,097</b>	<b>6,097</b>	<b>6,097</b>	<b>6,097</b>	<b>6,097</b>	<b>6,097</b>	<b>6,097</b>	<b>6,097</b>	<b>(30,482)</b>	<b>36,580</b>	-	-
Planning and development		3,048	3,048	3,048	3,048	3,048	3,048	3,048	3,048	3,048	3,048	3,048	(33,531)	-	-	-
Road transport		3,048	3,048	3,048	3,048	3,048	3,048	3,048	3,048	3,048	3,048	3,048	3,049	36,580	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>3,060</b>	<b>3,060</b>	<b>3,060</b>	<b>3,060</b>	<b>3,060</b>	<b>3,060</b>	<b>3,060</b>	<b>3,060</b>	<b>3,060</b>	<b>3,060</b>	<b>3,060</b>	<b>58,529</b>	<b>92,192</b>	-	-

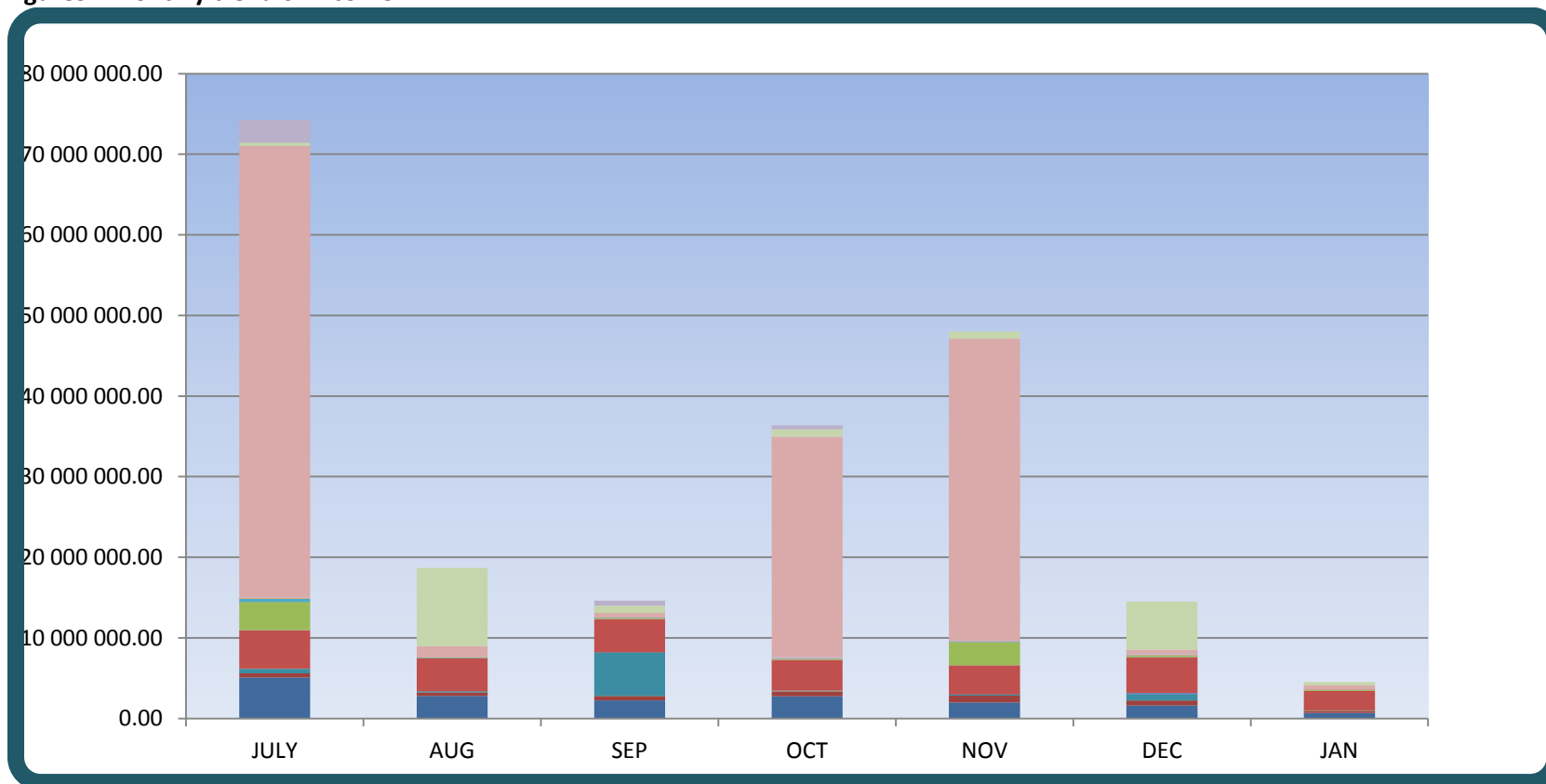
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Electricity	(432)	(432)	(432)	(432)	(432)	(432)	(432)	(432)	(432)	(432)	(432)	(432)	55,037	50,283	-	-
Water	2,101	2,101	2,101	2,101	2,101	2,101	2,101	2,101	2,101	2,101	2,101	2,101	2,101	25,214	-	-
Waste water management	589	589	589	589	589	589	589	589	589	589	589	589	589	7,063	-	-
Waste management	803	803	803	803	803	803	803	803	803	803	803	803	802	9,633	-	-
<b>Other</b>	15,698	15,698	15,698	15,698	15,698	15,698	15,698	15,698	15,698	15,698	15,698	15,698	(156,980)	15,698	-	-
<b>Total Expenditure - Standard</b>	44,795	44,795	44,795	44,795	44,795	44,795	44,795	44,795	44,795	44,795	44,795	44,795	(117,073)	375,673	-	-
<b>Surplus/ (Deficit) 1.</b>	(11,628)	(11,628)	(11,628)	(11,628)	(11,628)	(11,628)	(11,628)	(11,628)	(11,628)	(11,628)	(11,628)	(11,628)	58,755	(69,152)	-	-

### 2.8.10.1 The monthly trend of income in total

- 2.8.10.1.1 The trench payments of equitable share and MIG grant funds are normally in July, Nov and March respectively.
- 2.8.10.1.2 A cash flow model must be carefully designed in order to even out the spreading of income.
- 2.8.10.1.3 In the same sense expenditure must be spread over the period.
- 2.8.10.1.4 It is nearly normal that expenditure is speeded up in July and Aug and this leaves a challenging situation to finance the expenditure.
- 2.8.10.1.5 The normal trends of income from own sources are an average of R11 million which only cover salaries and partial Eskom accounts.

Figure5 - Monthly trend of income



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## 2.11 Monthly revenue and expenditure

MP303 Mkhondo - Supporting Table SB14 Adjustments Budget - monthly revenue and expenditure - February 2014

Expenditure - February 2014																
Description	Re f	Budget Year 2013/14												Medium Term Revenue and Expenditur e Framework		
		July	August	Sept.	October	Novembe r	Decembe r	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
		Outcom e	Outcom e	Outcom e	Outcom e	Outcom e	Outcom e	Adjuste d Budget	Adjuste d Budget	Adjuste d Budget	Adjuste d Budget	Adjuste d Budget	Adjuste d Budget	Adjusted Budget	Adjuste d Budget	Adjuste d Budget
R thousands																
Revenue By Source																
Property rates		1,785	1,755	1,755	1,775	1,644	1,755	2,459	2,459	2,459	2,459	2,459	2,459	25,222	26,710	28,286
Property rates - penalties & collection charges		–											–	–	–	–
Service charges - electricity revenue		6,966	6,981	6,153	6,645	6,273	7,054	7,171	7,171	7,171	7,171	7,171	7,171	83,096	89,237	95,831
Service charges - water revenue		827	1,042	688	757	689	719	1,611	1,611	1,611	1,611	1,611	1,611	14,390	15,239	16,138
Service charges - sanitation revenue		462	467	467	465	594	465	1,057	1,057	1,057	1,057	1,057	1,056	9,261	9,807	10,386
Service charges - refuse		581	597	594	599	515	594	606	606	606	606	606	606	7,115	7,535	7,980
Service charges - other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		44	39	34	40	43	32	118	118	118	118	118	117	937	992	1,051
Interest earned - external investments		196	274	5	254	220	404	213	213	213	213	213	213	2,630	2,785	2,949
Interest earned - outstanding debtors		–	–	–	–	–	–	340	340	340	340	340	340	2,037	2,157	2,285
Dividends received		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines		64	53	67	36	19	29	154	154	154	154	154	154	1,190	1,261	1,335
Licences and permits		–	–	17	–	–	–	13	13	13	13	13	13	94	99	105



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Agency services	–	–	703	–	–	–	1,245	1,245	1,245	1,245	1,245	1,245	8,174	8,656	9,167
Transfers recognised - operational	47,680	1,672	–	–	36,393	–	5,214	5,214	5,214	5,214	5,214	5,214	117,030	114,124	118,370
Other revenue	4,196	1,555	974	819	4,406	828	3,293	3,293	3,293	3,293	3,293	3,292	32,535	34,454	36,487
Gains on disposal of PPE	–	–	–	–	–	–	468	468	468	468	468	469	2,810	2,976	3,152
<b>Total Revenue</b>	<b>62,801</b>	<b>14,436</b>	<b>11,456</b>	<b>11,390</b>	<b>50,795</b>	<b>11,880</b>	<b>23,960</b>	<b>23,960</b>	<b>23,960</b>	<b>23,960</b>	<b>23,960</b>	<b>23,960</b>	<b>306,521</b>	<b>316,033</b>	<b>333,522</b>
<b>Expenditure By Type</b>															
Employee related costs	7,418	7,479	7,344	7,670	8,035	8,569	7,789	7,789	7,789	7,789	7,789	7,788	93,248	99,309	105,764
Remuneration of councillors	945	862	930	955	962	985	944	944	944	944	944	944	11,303	11,969	12,676
Debt impairment	–	–	–	–	–	–	2,582	2,582	2,582	2,582	2,582	2,582	15,491	16,405	17,373
Depreciation & asset impairment	–	–	–	–	–	–	11,531	11,531	11,531	11,531	11,531	11,531	69,183	73,265	77,587
Finance charges	–	–	–	–	–	–	147	147	147	147	147	147	880	932	987
Bulk purchases	10,484	6,476	1,909	2,667	6,981	5,333	6,718	6,718	6,718	6,718	6,718	6,718	74,160	78,536	83,169
Other materials	570	1,019	524	899	1,410	1,424	2,142	2,142	2,142	2,142	2,142	2,142	18,701	19,804	20,972
Contracted services	2,213	4,618	1,158	2,052	401	777	2,174	2,174	2,174	2,174	2,174	2,174	24,261	25,692	27,208
Grants and subsidies	645	314	619	725	625	425	813	813	813	813	813	813	8,233	8,719	9,233
Other expenditure	1,560	4,692	3,778	2,773	4,637	1,891	6,799	6,799	6,799	6,799	6,799	6,888	60,213	63,766	67,528
Loss on disposal of PPE	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Total Expenditure</b>	<b>23,835</b>	<b>25,461</b>	<b>16,262</b>	<b>17,742</b>	<b>23,051</b>	<b>19,404</b>	<b>41,638</b>	<b>41,638</b>	<b>41,638</b>	<b>41,638</b>	<b>41,638</b>	<b>41,727</b>	<b>375,673</b>	<b>398,397</b>	<b>422,499</b>
<b>Surplus/(Deficit)</b>	<b>38,967</b>	<b>(11,025)</b>	<b>(4,806)</b>	<b>(6,352)</b>	<b>27,743</b>	<b>(7,524)</b>	<b>(17,678)</b>	<b>(17,678)</b>	<b>(17,678)</b>	<b>(17,678)</b>	<b>(17,678)</b>	<b>(17,766)</b>	<b>(69,152)</b>	<b>(82,364)</b>	<b>(88,977)</b>
Transfers recognised - capital	145	1,749	4,729	8,721	7,336	5,789	11,459	11,459	11,459	11,459	11,459	11,459	97,223	72,185	79,404
Contributions	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Contributed assets	–	–	–	–	–	–	–	–	–	–	24,800	–	24,800	30,280	33,308
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>39,112</b>	<b>(9,276)</b>	<b>(76)</b>	<b>2,369</b>	<b>35,079</b>	<b>(1,734)</b>	<b>(6,219)</b>	<b>(6,219)</b>	<b>(6,219)</b>	<b>(6,219)</b>	<b>18,581</b>	<b>(6,308)</b>	<b>52,871</b>	<b>20,101</b>	<b>23,735</b>

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## 2.12 Monthly Cash Flow

MP303 Mkhondo - Supporting Table SB15 Adjustments Budget - monthly cash flow - February 2014

Monthly cash flows	Re f	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
		Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
<b>R thousands</b>																
<b>Cash Receipts By Source</b>	1															
Property rates		1,785	1,755	1,755	1,775	1,644	1,755	2,951	2,951	2,951	2,951	2,951	(25,222)			
Property rates - penalties & collection charges													-			
Service charges - electricity revenue		6,966	6,981	6,153	6,645	6,273	7,054	8,605	8,605	8,605	8,605	8,605	(83,096)			
Service charges - water revenue		827	1,042	688	757	689	719	1,934	1,934	1,934	1,934	1,934	(14,390)			
Service charges - sanitation revenue		462	467	467	465	594	465	1,268	1,268	1,268	1,268	1,268	(9,261)			
Service charges - refuse		581	597	594	599	515	594	727	727	727	727	727	(7,115)			
Service charges - other													-			
Rental of facilities and equipment		44	39	34	40	43	32	141	141	141	141	141	(937)			
Interest earned -																

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external investments	196	274	5	254	220	404	256	256	256	256	256	(2,630)			
Interest earned - outstanding debtors	–	–	–	–	–	–	407	407	407	407	407	(2,037)			
Dividends received												–			
Fines	64	53	67	36	19	29	185	185	185	185	185	(1,190)			
Licences and permits	–	–	17	–	–	–	15	15	15	15	15	(94)			
Agency services	–	–	703	–	–	–	1,494	1,494	1,494	1,494	1,494	(8,174)			
Transfer receipts - operational	47,680	1,672	–	–	36,393	–	–	–	31,285	–	–	(117,030)			
Other revenue	4,196	1,555	974	819	4,406	828	3,951	3,951	3,951	3,951	3,951	(32,535)			
<b>Cash Receipts by Source</b>	<b>62,801</b>	<b>14,436</b>	<b>11,456</b>	<b>11,390</b>	<b>50,795</b>	<b>11,880</b>	<b>21,934</b>	<b>21,934</b>	<b>53,219</b>	<b>21,934</b>	<b>21,934</b>	<b>(303,711)</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Other Cash Flows by Source</b>															
Transfers receipts - capital	145	1,749	4,729	8,721	7,336	5,789	13,751	13,751	13,751	13,751	13,751	(97,223)			
Contributions & Contributed assets	–	–	–	–	–	–	–	–	–	–	24,800	(24,800)			
Proceeds on disposal of PPE	–	–	–	–	–	–	562	562	562	562	562	(2,810)			
Short term loans												–			
Borrowing long term/refinancing												–			
Increase in consumer deposits												–			
Decrease (Increase) in non- current debtors												–			
Decrease (increase) other non- current receivables												–			

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Decrease (increase) in non- current investments													-			
<b>Total Cash Receipts by Source</b>		<b>62,946</b>	<b>16,185</b>	<b>16,186</b>	<b>20,111</b>	<b>58,131</b>	<b>17,669</b>	<b>36,246</b>	<b>36,246</b>	<b>67,531</b>	<b>36,246</b>	<b>61,046</b>	<b>(428,544)</b>	-	-	-
<b>Cash Payments by Type</b>																
Employee related costs		7,418	7,479	7,344	7,670	8,035	8,569	9,347	9,347	9,347	9,347	9,347	(93,248)			
Remuneration of councillors		945	862	930	955	962	985	1,133	1,133	1,133	1,133	1,133	(11,303)			
Collection costs		-	-	-	-	-	-	-	-	-	-	-	-			
Interest paid		-	-	-	-	-	-	176	176	176	176	176	(880)			
Bulk purchases - Electricity		10,484	6,476	1,909	2,667	6,981	5,333	8,062	8,062	8,062	8,062	8,062	(74,160)			
Bulk purchases - Water & Sewer		-	-	-	-	-	-	-	-	-	-	-	-			
Other materials		570	1,019	524	899	1,410	1,424	2,571	2,571	2,571	2,571	2,571	(18,701)			
Contracted services		2,213	4,618	1,158	2,052	401	777	2,608	2,608	2,608	2,608	2,608	(24,261)			
Grants and subsidies paid - other municipalities													-			
Grants and subsidies paid - other		645	314	619	725	625	425	976	976	976	976	976	(8,233)			
General expenses		1,560	4,692	3,778	2,773	4,637	1,891	8,176	8,176	8,176	8,176	8,176	(60,213)			
<b>Cash Payments by Type</b>		<b>23,835</b>	<b>25,461</b>	<b>16,262</b>	<b>17,742</b>	<b>23,051</b>	<b>19,404</b>	<b>33,049</b>	<b>33,049</b>	<b>33,049</b>	<b>33,049</b>	<b>33,049</b>	<b>(291,001)</b>	-	-	-
<b>Other Cash Flows/Payments by Type</b>																

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Capital assets		145	1,749	4,729	8,721	7,336	5,789	13,751	13,751	13,751	13,751	13,751	(97,223)			
Repayment of borrowing		–	–	–	–	–	–	–	–	–	–	–	–			
Other Cash Flows/Payments		–	–	–	–	–	–	–	–	–	–	–	–			
<b>Total Cash Payments by Type</b>		<b>23,980</b>	<b>27,211</b>	<b>20,991</b>	<b>26,463</b>	<b>30,387</b>	<b>25,194</b>	<b>46,800</b>	<b>46,800</b>	<b>46,800</b>	<b>46,800</b>	<b>46,800</b>	<b>(388,224)</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>38,967</b>	<b>(11,025)</b>	<b>(4,806)</b>	<b>(6,352)</b>	<b>27,743</b>	<b>(7,524)</b>	<b>(10,553)</b>	<b>(10,553)</b>	<b>20,732</b>	<b>(10,553)</b>	<b>14,247</b>	<b>(40,321)</b>	<b>–</b>	<b>–</b>	<b>–</b>
Cash/cash equivalents at the month/year beginning:		46,396	85,363	74,338	69,532	63,180	90,923	83,399	72,846	62,292	83,024	72,471	86,717	46,396	46,396	46,396
Cash/cash equivalents at the month/year end:		85,363	74,338	69,532	63,180	90,923	83,399	72,846	62,292	83,024	72,471	86,717	46,396	46,396	46,396	46,396

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## 2.13 Monthly Capital expenditure

MP303 Mkhondo - Supporting Table SB17 Adjustments Budget - monthly capital expenditure (standard classification) - February 2014

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
		Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
<b>R thousands</b>																
<b>Capital Expenditure - Standard</b>																
<b>Governance and administration</b>		266	266	266	266	266	266	266	266	266	266	266	(1,676)	1,250	4,313	4,744
Executive and council													-	-	-	-
Budget and treasury office	22	22	22	22	22	22	22	22	22	22	22	22	(242)	-	320	352
Corporate services	244	244	244	244	244	244	244	244	244	244	244	244	(1,434)	1,250	3,993	4,392
<b>Community and public safety</b>		86	86	86	86	86	86	86	86	86	86	86	(459)	487	4,396	4,835
Community and social services													-	-	4,396	4,835
Sport and recreation													-	-	-	-
Public safety	86	86	86	86	86	86	86	86	86	86	86	86	(459)	487	-	-
Housing													-	-	-	-
Health													-	-	-	-
<b>Economic and environmental services</b>		2,933	2,933	2,933	2,933	2,933	2,933	2,933	2,933	2,933	2,933	2,933	8,314	40,577	48,820	51,282
Planning and development													-	-	-	-

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Road transport	2,933	2,933	2,933	2,933	2,933	2,933	2,933	2,933	2,933	2,933	2,933	8,314	40,577	48,820	51,282
Environmental protection												–	–	–	–
<b>Trading services</b>	<b>5,271</b>	<b>5,271</b>	<b>5,271</b>	<b>5,271</b>	<b>5,271</b>	<b>5,271</b>	<b>5,271</b>	<b>5,271</b>	<b>5,271</b>	<b>5,271</b>	<b>5,271</b>	<b>31,360</b>	<b>89,341</b>	<b>65,513</b>	<b>74,484</b>
Electricity												3,674	3,674	–	–
Water	2,296	2,296	2,296	2,296	2,296	2,296	2,296	2,296	2,296	2,296	2,296	28,585	53,841	28,113	33,344
Waste water management	2,975	2,975	2,975	2,975	2,975	2,975	2,975	2,975	2,975	2,975	2,975	(899)	31,826	37,400	41,140
Waste management												–	–	–	–
<b>Other</b>												–	–	–	–
<b>Total Capital Expenditure - Standard</b>	<b>8,556</b>	<b>8,556</b>	<b>8,556</b>	<b>8,556</b>	<b>8,556</b>	<b>8,556</b>	<b>8,556</b>	<b>8,556</b>	<b>8,556</b>	<b>8,556</b>	<b>8,556</b>	<b>37,539</b>	<b>131,655</b>	<b>123,042</b>	<b>135,345</b>

# MKHONDO LOCAL MUNICIPALITY - (MP303) - 2013/14 ADJUSTMENT BUDGET REPORT

## 2.14 Councillor and Staff benefits

### MP303 Mkhondo - Supporting Table SB11 Adjustments Budget - councillor and staff benefits - February 2014

Summary of remuneration	Ref	Budget Year 2013/14									% change
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	
		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H	
<b>R thousands</b>											
<b><u>Councillors (Political Office Bearers plus Other)</u></b>											
Basic Salaries and Wages		5,612	–			–		529	529	6,141	9.4%
Pension and UIF Contributions		758	–			–		148	148	906	19.5%
Medical Aid Contributions		197	–			–		–	–	197	0.0%
Motor Vehicle Allowance		2,387	–			–		184	184	2,571	7.7%
Cellphone Allowance		560	–			–		311	311	871	
Housing Allowances		519	–			–		25	25	544	
Other benefits and allowances		72	–			–		–	–	72	
<b>Sub Total - Councillors</b>		<b>10,105</b>	<b>–</b>			<b>–</b>		<b>1,197</b>	<b>1,197</b>	<b>11,302</b>	<b>11.8%</b>
<b>% increase</b>			<b>(0)</b>							<b>0</b>	
<b><u>Senior Managers of the Municipality</u></b>											
Basic Salaries and Wages		8,307	–	–		–		1,100	1,100	9,407	13.2%
Pension and UIF Contributions		1,847	–	–		–		(250)	(250)	1,597	-13.5%
Medical Aid Contributions		99	–	–		–		(64)	(64)	35	-64.6%
Overtime		–	–	–		–		–	–	–	
Performance Bonus		–	–	–		–		–	–	–	
Motor Vehicle Allowance		2,218	–	–		–		–	–	2,218	0.0%
Cellphone Allowance		–	–	–		–		–	–	–	
Housing Allowances		1,227	–	–		–		–	–	1,227	
Other benefits and allowances		3,188	–	–		–		–	–	3,188	
Payments in lieu of leave		–	–	–		–		–	–	–	
Long service awards		–	–	–		–		–	–	–	
Post-retirement benefit obligations	5	–	–	–		–		–	–	–	
<b>Sub Total - Senior Managers of Municipality</b>		<b>16,886</b>	<b>–</b>	<b>–</b>		<b>–</b>		<b>786</b>	<b>786</b>	<b>17,672</b>	<b>4.7%</b>
<b>% increase</b>			<b>(0)</b>							<b>0</b>	
<b><u>Other Municipal Staff</u></b>											
Basic Salaries and Wages		48,929	–	–	–	–	–	8,015	8,015	56,944	16.4%
Pension and UIF Contributions		10,768	–	–	–	–	–	(826)	(826)	9,942	-7.7%
Medical Aid Contributions		3,483	–	–	–	–	–	(1,100)	(1,100)	2,383	-31.6%
Overtime		3,429	–	–	–	–	–	84	84	3,513	2.4%



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Performance Bonus		-	-	-	-	-	-	-	-	-	
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-	
Cellphone Allowance		-	-	-	-	-	-	-	-	-	
Housing Allowances		-	-	-	-	-	-	-	-	-	
Other benefits and allowances		4,687	-	-	-	-	-	(1,892)	(1,892)	2,795	
Payments in lieu of leave		-	-	-	-	-	-	-	-	-	
Long service awards		-	-	-	-	-	-	-	-	-	
Post-retirement benefit obligations	5	-	-	-	-	-	-	-	-	-	
<b>Sub Total - Other Municipal Staff</b>		<b>71,296</b>	-	-	-	-	-	<b>4,280</b>	<b>4,280</b>	<b>75,576</b>	<b>6.0%</b>
<b>% increase</b>											
<b>Total Parent Municipality</b>		<b>98,287</b>	-	-	-	-	-	<b>6,263</b>	<b>6,263</b>	<b>104,550</b>	<b>6.4%</b>

## 2.15 Municipal Manager's Quality Certificate

I \_\_\_\_\_, Municipal Manager of Mkhondo Local Municipality, hereby certify that the adjustment budget report and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the adjustment budget report and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name \_\_\_\_\_

**Municipal Manager of Mkhondo Local Municipality (MP303)**

Signature \_\_\_\_\_

Date \_\_\_\_\_